

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Madison*

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JUNE 22, 1932

## CHILE EMBARKS UPON SOCIALISTIC REGIME

**Government Plans to Put Basic Industries Under State Control for Benefit of Workers**

### JUNTA OUSTS DAVILA AS CHIEF

**Holds He Is Too Moderate. U. S. Shows Concern Because of Large Investments**

The recent overthrow of the government of Chile and the establishment of a socialistic republic under the direction of Carlos Davila, former ambassador to the United States, has been one of the outstanding developments in South America in many months. When President Montero was driven from office early this month, the world did not view the event in the light of an ordinary revolution but as a movement which might have far-reaching consequences not only upon the future of Chile but also upon neighboring South American countries and upon other foreign nations. For the junta, or the group of rebels which established itself at the helm of government, announced its intention of inaugurating drastic and even radical reforms. It was the supposed intention of the new leaders to reorganize the government and the industries of Chile along socialistic lines in order to alleviate the effects of unemployment and bring about a more equitable distribution of wealth. Just how far the junta would go was not known. Even the members themselves were unable to agree, but it was generally accepted that the wealthy classes should be taxed heavily in order to create the new order and to provide jobs for the unemployed.

#### DAVILA RESIGNS

This difference of opinion among the new governmental leaders naturally resulted in contradictory statements of policies. At first, it was held that all the industries would be taken over by the state, that foreign property would be confiscated. Later, however, Provisional President Davila reassured foreigners having property or investments in Chile, stating that their rights would not be interfered with. The government did take action to reorganize the banking system of the country. The central bank and the savings banks underwent changes of administration and were put under the control of councils of workers. Plans for the socialization of other industries were enunciated but were not actively put into effect when the head of the government was forced from office on June 12 because of his failure to agree with other members of the junta on these basic policies. Carlos Davila's views were too moderate, it was held. The junta sought a man who would be more willing to take strong measures in giving birth to the socialist system. They selected Rolando Merino, who had been minister of the interior under Davila.

It is yet too early to gauge the true import of the recent revolution in Chile. It may be that the government which has seized power will be short-lived and will be overthrown by a counter-revolution. Such events are always possible in any of the South American countries. Or, the junta now controlling the affairs of state may become decidedly radical and reorganize the government and the industries along lines similar to those which obtain

(Concluded on page 7, column 1)



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HERBERT CLARK HOOVER

## Republican National Convention Renominates Herbert Hoover for Presidency

"Herbert Hoover and no regrets." Such was the keynote of the Republican National Convention as it opened in Chicago on June 14. As a matter of course, the delegates assembled in the "windy city" to renominate Mr. Hoover for the presidency. Save for the futile effort of Senator Joseph I. France of Maryland, there was no contest for the nomination. Hard and fast tradition assures each president of renomination by his party for a second term in office.

From the keynote speech delivered on the first day of the convention by Senator L. J. Dickinson of Iowa, it appears that President Hoover will seek reelection on the basis of his past record. The keynoter devoted his entire attention to Mr. Hoover's record. He claimed that "Herbert Hoover was at grips with the forces of depression before the country as a whole had had time to realize the menace it faced." He cited the various measures which have been put into effect to combat the forces of depression. Principal among these were the Reconstruction Finance Corporation and the one-year moratorium on inter-governmental debts. The senator cited agricultural relief, a higher protective tariff and reduction of the cost of national defense, as other major accomplishments of the Republican administration.

The policies of Herbert Hoover are generally well known; his record over the past four years reveals them. He is for a high tariff; against direct federal relief for the unemployed; against a program of public

works to furnish jobs; against the cancellation of war debts but believing they may have to be reduced; apparently against the repeal of the eighteenth amendment, although willing to see some modification of existing laws; in favor of disarmament without sacrifice to adequate national defense. These are some of the more important issues on which President Hoover's position is definitely known.

During the coming campaign a great deal will be said about the record of the Republican administration over the past four years. It is expected that stress will be laid on the financial and economic measures taken to relieve the effects of the depression. The benefits of the Glass-Steagall bill and the Reconstruction Finance Corporation will be frequently set forth. Much will be said about Mr. Hoover's qualifications to cope with present economic conditions. His background, experience and training will be brought to the attention of the American people. All this is part of a definite program, conducted by Republicans and Democrats alike, to bring about the election of a candidate for office.

Americans are of course very familiar with the president's personality. It is the fate of those in high office to be continuously in the spotlight. Mr. Hoover is a quiet and retiring individual, caring little for social life and keeping very much to himself. He is not gifted with a dynamic personality and probably does not command the popular enthusiasm which a number of his predecessors have enjoyed.

## DEMOCRATS PREPARED FOR CHICAGO BATTLE

**Convention Gives Promise of Bitter Fight as Leaders Gather for Early Conferences**

### ROOSEVELT VICTORY IS CLAIMED

**But Smith Forces Hope to Retain Sufficient Votes to Block Nomination**

As this issue of THE AMERICAN OBSERVER is written, the Republican National Convention is in session. It is too early, however, to give an adequate account of the proceedings. Such a discussion must be reserved for next week. When this issue reaches our readers interest will be centered on the coming Democratic meeting. We are therefore reviewing the situation in that party.

Already leaders of the Democratic Party are beginning to gather in Chicago for their convention which opens June 27. Conferences and secret meetings are being held. The air is filled with rumors, which are promptly denied and supplanted by more rumors. Everything is uncertain, exciting, for when the Democrats meet no one knows what may happen. It is the Democrats who put on the "big show" as far as national conventions are concerned. The Republicans are usually more orderly and go about their business in a fairly disciplined manner. Had it not been for the outbreak over prohibition, and the movement to nominate some one other than Charles Curtis for the vice-presidency, the Republican convention this year would have been a colorless affair. But this is rarely the case with the Democrats. Each convention gives promise of a good fight. It happened in 1924 between Alfred E. Smith and William Gibbs McAdoo; it happened in 1928 between Mr. Smith and the party dregs; and it seems that Mr. Smith will once more be the chief contestant in 1932 with Franklin D. Roosevelt as his opponent.

#### ROOSEVELT

Naturally the great topic of interest as the date for the opening of the convention nears is the candidacy of Governor Roosevelt of New York. Will he win the nomination on the first ballot as his supporters so confidently predict? Or will the forces rallying around "Al" Smith be strong enough to keep Mr. Roosevelt from obtaining the 770 votes necessary to nominate? And if those forces are successful and Governor Roosevelt is not nominated, who in all likelihood will be the successful candidate?

In considering Roosevelt's chances of receiving the nomination on the first, or on the first two or three ballots, it is important to take account of the character and strength of the anti-Roosevelt vote. It is conceded that Governor Roosevelt will have a majority and perhaps more than a majority when the first vote is cast. But can he muster the necessary two-thirds? It seems that he cannot unless he is able to win one or more of the favorite sons, who control their own state delegations, to his cause. Assuming that all the favorite sons keep their delegations for themselves on the first ballot or so, the anti-Roosevelt strength will, at a minimum, come to 411 votes, 26 more than the 385 required to block his nomination. This vote will be made up as follows:





© Wide World Photos  
A MODERN NATIONAL CONVENTION

<b>SMITH</b>	
Connecticut	16
Massachusetts	36
New Jersey	32
Pennsylvania	18
Rhode Island	10
<b>GARNER</b>	
California	44
Texas	46
<b>LEWIS</b>	
Illinois	58
<b>WHITE</b>	
Ohio	52
<b>REED</b>	
Missouri	36
<b>BYRD</b>	
Virginia	24
<b>MURRAY</b>	
Oklahoma	16
North Dakota	1
<b>RITCHIE</b>	
Maryland	16

Total 411

James A. Farley, Democratic state chairman of New York, and leader of those fighting for the nomination of Governor Roosevelt, is confident that some of the states supporting favorite sons will ask to change their vote before the end of the first ballot and that as a result his candidate will be named. He claims at least 691 votes on the first ballot while the Smith forces concede 596. It is difficult to say which is more nearly correct because of at least two doubtful elements. It is not known just how the 76 votes from Pennsylvania and the 94 votes from New York will be divided. Of the Pennsylvania vote Smith seems certain of receiving at the very least 18. His supporters claim 34, while the Roosevelt camp is confident of 60 votes from Pennsylvania. However, only the casting of the first ballot can give the exact figure.

#### NEW YORK

The position of New York is even more doubtful. The delegation is largely under the control of John F. Curry, Tammany leader, and John H. McCooley, Brooklyn leader, who will not decide upon the attitude they will take until a few days before and possibly not until after the convention meets. Should they decide to support Roosevelt he will have all or nearly all the 94 votes from New York. Should they decide to support some other man, perhaps Smith, Roosevelt may not receive more than 45. He seems certain of at least this number.

The attitude of Tammany toward Governor Roosevelt is rendered uncertain principally on account of the celebrated case of Mayor James J. Walker of New York City.

Judge Samuel I. Seabury, who has been investigating political corruption in New York, has requested that Governor Roosevelt remove Mayor Walker and has made severe charges of corruption against the latter. The governor is at present examining the evidence, with the assistance of two counsels. It cannot be learned when he will render his decision. It may be before the convention and it may not be until after.

Mayor Walker is a Tammany man, and if Governor Roosevelt should decide to force him from office before the convention, the Tammany delegation may support some other candidate. But if the governor postpones settlement of the case until after the convention it is difficult to say what will be the attitude of Tammany. It is known that Mr. Curry and Mr. McCooley will be in Chicago some days before the opening of the convention, and it is also known that Mr. Smith will be there well in advance of that date.

But whether or not this coincidence is significant may not be learned until after the convention meets.

#### CLAIMS

Because of these doubtful quantities it is not possible accurately to estimate the probable strength of Governor Roosevelt on the first ballot. As this is written the New York governor has 480 delegates instructed or pledged to support him. In addition to these he is counting on 60 from Pennsylvania and 45 from New York; on 20 from Louisiana, 18 from Arkansas, 6 from Porto Rico and 6 from the Canal Zone, all of which have sent uninstructed delegations to Chicago; lastly, he is confident of securing the 26 North Carolina votes and the 30 Indiana votes, the last two states to hold primaries, (the former was held June 16 and the latter June 20). This makes a total of 691 claimed by Mr. Farley.

It may be that these claims will not materialize, but there is now no reason to believe that Mr. Roosevelt will go into the convention with anything less than the 578 votes required for a simple majority. If he does this he will be in a strategic position, as he will be in control of the convention.

With a simple majority he will be able, if his lieutenants deem it expedient, to force the abandoning of the traditional two-thirds rule, making only a majority necessary to nominate. However, there is some doubt that the managers of the Roosevelt campaign will attempt to do this. The two-thirds rule is a fixed tradition to many Democrats, and any action to change it would cause the resentment of a number of delegates. Moreover, the Roosevelt forces do not believe that a change of rule is necessary. They are completely confident that the governor will be nominated on the first, or on a very early ballot, and see no need of risking the displeasure of delegates.

#### PERMANENT CHAIRMAN

More important still will be the vote for the permanent chairman of the convention. It is the custom always to elect, on the first day, a permanent chairman, who is usually agreed upon beforehand by party leaders and who is

placed in office with little or no opposition. This year it was decided that Jouett Shouse, national executive chairman of the Democratic Party, should be given the position. This seemed agreeable to all factions and Governor Roosevelt was said to have "commended" Mr. Shouse for the job.

But Mr. Shouse is known to feel friendly toward Mr. Smith and some time ago he advised state primary conventions to send uninstructed delegations rather than instructed or pledged delegations to Chicago. It was his belief that delegates should be left free to choose the man who seemed best to them at the convention. The Roosevelt supporters have taken exception to this and have interpreted Mr. Shouse's advice as an aid to the "stop-Roosevelt" movement. Accordingly they recently declared that they would seek to elect Senator Thomas J. Walsh of Montana permanent chairman in the place of Mr. Shouse.

The result has been an open break between Roosevelt and Smith followers. Governor Roosevelt and Mr. Farley have been charged with "double-crossing" Mr. Shouse, who, it is held, is entitled to the position by virtue of his services to the Democratic Party. But Mr. Farley has denied the accusation and contends that Governor Roosevelt did not "commend" Mr. Shouse, and that therefore Roosevelt supporters may vote as they see fit when the time comes to elect the permanent chairman. Thus, there will be a test of strength at the very outset of the convention. Mr. Farley has agreed that the vote will probably be "decisive" and apparently thinks that if Senator Walsh is not made permanent chairman, Governor Roosevelt may not receive the nomination. But he feels certain that Mr. Shouse will be defeated and that once this is accomplished it will be an easy matter to have his candidate nominated.

#### FAVORITE SONS

This is the status of the Democratic political situation as the opening date for the convention nears. At this point, Governor Roosevelt must be counted a heavy favorite to win. He has the nomination nearly within his grasp. Mr. Farley is endeavoring to secure the support of several favorite sons. He is working particularly hard to obtain the 58 votes from Illinois which will be cast for Senator J. Hamilton Lewis on the first ballot. It has been thought that there was some chance that Illinois and Oklahoma would find their way into the Roosevelt column. The other states, those voting for Smith, Garner, White, Byrd, Ritchie and Reed will probably remain faithful to their candidates, or at least will not go over to Roosevelt. Of course, it must be remembered that this is the way the situation appears prior to the opening of the convention. It may change at any moment, for anything may happen where a Democratic National Convention is concerned.

Should it happen that Governor Roosevelt does not receive the nomination on an early ballot, the nominee will be decided upon, not by the convention at large but by a few political bosses who control the important state delegations. The "smoked-filled" room has figured prominently in past national conventions, both Democratic and Republican, and it seems that it will in Chicago if it becomes necessary to choose some candidate other than Franklin D. Roosevelt.

There are certain key men who will be in a position to dictate this selection—such men as John F. Curry, the Tammany leader who is so powerful in New York. Mr. Frank Kent, writing in the *Baltimore Sun*, gives the following interesting account of how the convention will be run in case of Governor Roosevelt's defeat:

However, Mr. Curry is by no means the only politician, not himself a recognized candidate and without popular authority, who controls an entire state delegation. There are others. Among them might be mentioned:

Frank Hague of New Jersey	32
Tony Cermak of Illinois	58
Tom Pendergast of Missouri	36
Huey Long of Louisiana	20
Pat Harrison of Mississippi	20

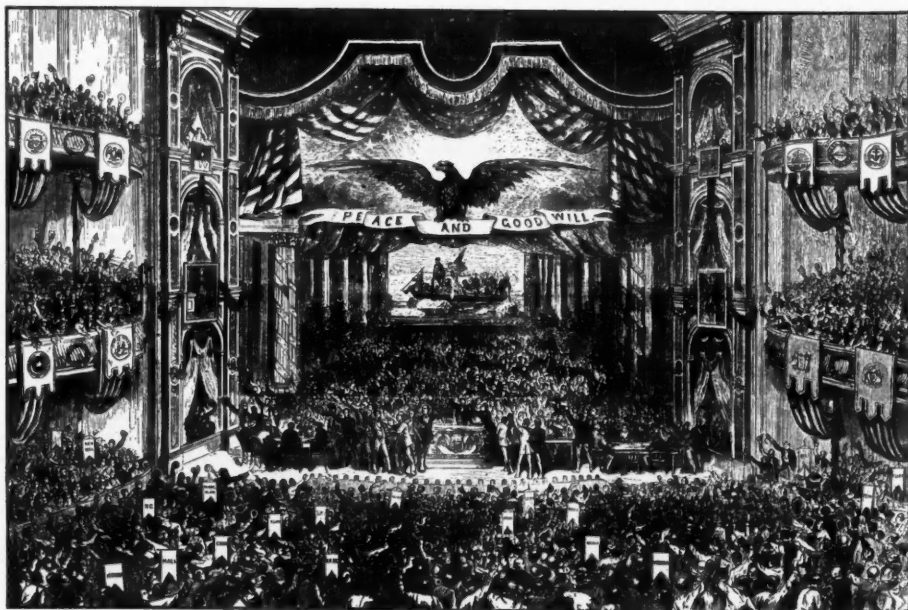
Then add to the list Oklahoma's twenty-two, which are more completely owned by Alfalfa Bill Murray than even the Tammany delegates are owned by Curry, and you have a total of 282 votes (including New York) controlled by seven men, none of whom will figure importantly as candidates and who, after the first ballot or so, will have their delegates to do with as they will.

It is easy to add to the list of controlled delegations. There are the Nevada 6, which will be guided by Senator Pittman; the Arkansas 18, which will take advice from Senator Robinson; Virginia's 24, which will mainly go as ex-Governor Byrd desires; West Virginia's 16, dominated by Senator Neely; Ohio's 52, the bulk of whom will likely follow ex-Governor Cox; and Maryland's 16, which will belong to Governor Ritchie. You can go through the roll of states, which altogether have 1,154 convention delegates and be safe in saying that at least 1,000 will be controlled by not more than twenty-five men.

The point of all this is that if, as many now expect, the Roosevelt candidacy is blocked by Smith and the Smith choice blocked by Roosevelt and a deadlock then ensues, the nomination will be made in the "smoked-filled room" by a conference among these twenty-five controlling men, and not on the convention floor. There is no other way and no other place to make it. And there—if Mr. Roosevelt does not run away with the nomination—it will certainly be made. The inevitable end of a deadlock is a conference among the state bosses. Out of such a conference, in 1924, came John W. Davis. No one can ever tell who will come out of such a conference. But there is one thing you can tell—and that is that the most pointed and pregnant question asked in the conference concerning every candidate will be this, "How much money can we raise for him?" Upon the answer the choice is likely to hinge. It generally has in the past.

The trouble with "a political platform so simple that the man in the street could read it and understand it in a few minutes" is that he might remember it after the election.

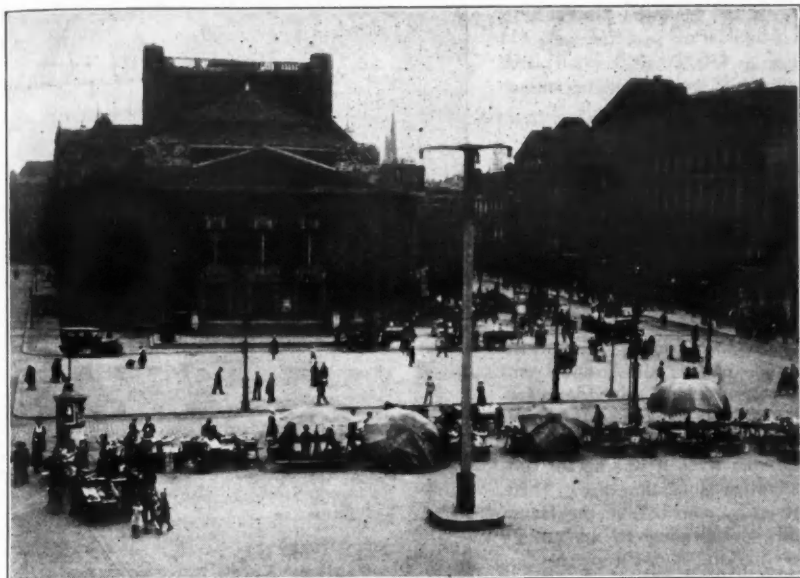
—Louisville Courier-Journal



LESLIE'S WEEKLY (Culver Service)

A DEMOCRATIC CONVENTION OF FORMER DAYS  
In 1872 the Democrats met in Ford's Opera House in Baltimore.





© Ewing Galloway

MARKET PLACE AND THEATRE IN KALOWICE, POLAND

## Different Aspects of Polish Corridor Dispute Voiced by Pole and East Prussian

The problem of paramount interest in Eastern Europe is that of the Polish Corridor. This narrow strip of land, giving Poland access to the sea, but splitting Germany into two sections, is the source of unending friction and disturbance. The Poles contend that the Corridor is vital to their national welfare, and the Germans charge that their country is divided, that Germans in the Corridor are oppressed, and that the existence of the Corridor is a threat to East Prussia, which they believe the Poles wish some day to acquire.

With such a conflict of interest, it is natural that Poles and Germans should feel very strongly with regard to the Corridor. There is evidence of much bitterness and ill-feeling between them. For instance, a German in East Prussia, takes this view of the problem:

The Polish Corridor is the bone of contention. Ever and ever there are quarrels on the borders. Germans who are quite innocent are arrested. Polish airplanes fly over the German limits. We are powerless against these encroachments and it is only possible to appeal to the League of Nations . . .

The Polish question has not yet found a solution satisfactory to both parties. The Poles have a particular way of handling this problem. They intend to annex more countries hoping to live from the work of foreign nations. What is the effect of such a plan? The Poles will become more and more of a minority and their state will perish because other nations will override the Poles. My opinion is that only a limitation behind national boundaries will have a remaining success. . . . Now you may think that the Polish program has nothing to do with East Prussia of today. There, you are on a false way. I asserted some lines before the importance of national states. Do the Poles not remark this? . . . They know this very well. Therefore they make strenuous efforts to Polonize the country. But the Polish government denies any participation. They have a private institution—the Polish Propaganda. How do they proceed? Insurrections are caused and the government is forced to show authority. The Poles intend to destroy the Germans. Therefore they fight against German culture-institutions, especially against schools and the rights of Germans as citizens, as for instance, the right of election, of administration of offices, etc. Such are the methods of Poles in the annexed territories. . . .

You may imagine that the hate against the Poles is very great. The East Prussians know very well their situation and their defenselessness. Often, we perceive on the borders the concentration of Polish troops. Therefore it is just, when the mood against the Poles is hostile. . . . It is the duty of foreign states to recognize our situation and to give us an opportunity to show our will.

It must be remembered that the above is the point of view of a German in East Prussia. The question of the Corridor is highly controversial and both Germans and Poles have very decided opinions. The following extract from a letter written by a Pole expresses a more matter of fact attitude:

The Polish population has a very great interest in the matter of the Polish Corridor which is considered to be absolutely necessary to the prosperity of the Polish state, being the sole access to the sea. There is every reason to think that our country will oppose herself with all her power to every attempt to dispossess her of this one way to the sea.

Of course it is to be admitted that the Corridor is the source of unpleasantness to the Germans, dividing their country into two parts without land communication, but that is more a matter of national ambition than real inconvenience, as the Polish government gives to the Germans every practical possibility for communication of both parts of the German territory.

But Europeans have interests other than purely political and controversial problems. Their letters reveal great attachment to their homes, their immediate surroundings and the cities in which they live. For example, a correspondent in Amsterdam, which has the reputation of being one of the most delightful cities of Europe, gives the following description of her "home town":

I was rather amused that you think Washington has no tall buildings. We should think them very tall indeed—4 stories we think high already. We have one skyscraper in Amsterdam of 14 stories, and we are quite proud of it. It is the feature of that quarter.

The old parts of Amsterdam are lovely—very quaint and picturesque with beautifully gabled houses. The Amstel is a canalized river that runs through Amsterdam (formerly Amsteldam). I have to pass it every morning I go to school and every morning it is a new joy to me as the borders are so beautiful. Then we are also proud of our four canals that run right through the town called Singel, Heerengracht, (Gentlemen's Canal), Keyjersgracht (Emperor's Canal), and Prinsengracht, (Prince's Canal). Aren't the names jolly! Along the water side are planted trees—on the side of the houses the rich merchants lived in the seventeenth century. Unfortunately those houses are now let as offices, but still they try to keep their fronts intact. On the water are many gay colored barges so the whole offers a very picturesque aspect, especially in spring with the tender green of trees. For modern traffic the canals are absolutely impractical, narrow and occasionally a motor car drives into the water. But for beauty's sake they are left as they are. A cry of horror would be raised if anyone should suggest changing the canals.

### MANCHUKUO

Prior to the adjournment of the Japanese Diet on June 14, the Seiyukai and Minseito parties adopted a resolution calling upon the government formally to recognize the new

Manchukuo régime under Henry Pu-Yi. The resolution, of course, was not binding just as a resolution passed by the United States Congress could not oblige the government to extend recognition to a foreign power. Such action lies with the executive branch of the government.

### GOLD WITHDRAWALS

The heavy withdrawal of gold from this country by Europeans during the past nine months reached a climax last week as the Bank of France ordered that all the money to its credit in New York banks be converted into gold and transported to France. This outflow of gold, which started last September when Great Britain suspended the gold standard, has been the cause of considerable uncertainty in banking centers. Many countries feared for the stability of the dollar, believing that it would follow the course of the English pound. In order to protect themselves against disaster, foreign banks having money due them by American banks began converting these balances into gold and shipping them home. The movement of gold was further accelerated by the action of many Americans who heard the rumors of the instability of the dollar and invested their funds in foreign securities or currencies.

Since September, the gold stocks of the Federal Reserve banks have been greatly reduced because of this efflux to Europe. On September 16—a few days before Great Britain abandoned the gold standard—the total gold stocks in the United States were slightly in excess of \$5,000,000,000, or nearly one-half of the world's total gold supply. The net loss since that time has been more than \$1,000,000,000 until today the total gold reserves of this country amount to about \$3,900,000,000. Most of these withdrawals have been made by the four countries of Europe which have remained firmly anchored to the gold standard—France, Switzerland, Belgium and Holland.

Now that the outward movement is considered to have come to an end, American bankers feel confident in the future stability of the dollar. The ability of the Federal Reserve banks to supply sufficient quantities of gold to meet these unusually heavy demands on the part of foreign countries has been demonstrated during the past nine months. The immediate outcome of last week's action of the Bank of France in repatriating its gold from this country was to give the dollar a firmer position on the money markets of the world. During recent weeks, the dollar, measured in terms of Swiss francs, belgas, guilders or French francs, has on numerous occasions slumped to low levels. This decline in the value of the American monetary unit was of course due to the lack of confidence in the stability of the American financial structure and the uncertainty as to the future of the gold standard in this country.



—Courtesy Canadian Pacific

AMSTERDAM—THE OLD SECTION

This famous Netherlands city is proud of its canals. They are inadequate to meet traffic needs but they will hardly be altered as the Dutch wish to preserve the beauty of the city.

## THOUGHTS AND SMILES

On a certain island in the South Pacific there are no rates, unemployment, crime, income-tax, jazz-bands, wireless-talks or inhabitants.  
—London PUNCH

A presidential candidate must have two hats—one to throw in the ring and the other to talk through.  
—JUDGE

A Pennsylvania woman in jail six months gained 22 pounds, and that of itself ought to be a lesson to her.  
—Philadelphia INQUIRER

Proceedings in Washington tend to the conclusion that taxation with representation may be about as unpopular as taxation without.  
—Keokuk DAILY GATE CITY

"Money," said Hi Ho, the sage of Chinatown, "is most to be admired when it seeks usefulness instead of entertainment."  
—Washington STAR

The gentleman is solid mahogany; the fashionable man is only veneer.  
—J. G. Holland

Maybe Wall Street is only a "peanut stand," as Gen. Dawes says, but more than one kind of nut has been roasted there.  
—Lynchburg NEWS

A scientist says a mosquito can fly 14 hours without alighting. But it seldom does.  
—Florence (Ala.) HERALD

Had the Hawaiian hailstorm come several years sooner it might have checked the ukulele scourge before it got out of control.  
—Hamilton (Ohio) EVENING JOURNAL

We are being governed by a lot of cheap politicians.—Gen. John J. Pershing. The general either doesn't have to pay any taxes or else wasn't thinking in financial terms, anyhow.  
—Nashville BANNER

The expenses of the disarmament parley delegates have been reduced by \$5,000 a month, or just about the cost of firing one shell from the biggest guns.  
—Omaha EVENING WORLD-HERALD

Even if our ambassadors were favorably inclined, we don't suppose we keep one in London long enough to make a two-short-pants suit worth while.  
—Des Moines TRIBUNE

Man is, properly speaking, based upon hope, he has no other possession but hope; this world of his is emphatically the place of hope.  
—Carlyle

**PRONUNCIATIONS:** Junta (hoon'ta), Juan Esteban Montero (hwan ess-tay-bahn' mon-tay-ro—first o as in or, second o as in go), Rolando Merino (ro-lahn'do—o as in go—may-ree'no), Asociación Popular Revolucionaria Americana (ah-so-see-a-syon'—o as in or—po-poo-lahr', ray-vo-loo-syo-nah'rea, ah-may-ree-kah'nah), Apra (ah'prah), Ibañez (ee-bahn'yaith), Curzio Malaparte (koo'r-tseco mah-lah-pahr'tay), Coup d'Etat (koo-day-tah'), Leonid Leonov (lay-o-need' lay-o-noff'—o as in or).



## THE AMERICAN OBSERVER

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WEDNESDAY, JUNE 22, 1932

### REVIEW OF THE WEEK

AS THIS is written the Republican National Convention is in full session. The renomination of President Hoover is of course a foregone conclusion and the convention lacks the excitement which prevails when the nominee is unknown. However, two important developments have lent interest to the proceedings at Chicago. A fight over prohibition and a movement to "unhorse" Vice-President Curtis was well under way as soon as the delegates met.

Wet and dry leaders were deadlocked over the prohibition plank to be incorporated into the platform. The one side was for outright repeal and the other for some form of resubmission. The administration apparently favored the submission of an amendment which would permit wet states to dispense with federal control of liquor while dry states would continue under the present arrangement. It was said that such a declaration in the platform would not be acceptable to wet leaders. It seemed probable that the issue would not be settled by the platform committee but would be carried to the floor of the convention. The wets were convinced that anything less than a frank declaration on prohibition, admitting its failure, would be ruinous to the party in November. The leaders, Nicholas Murray Butler and Senator Hiram Bingham of Connecticut, were determined to do their utmost to force such a plank into the platform. It seems, at this writing, that they will have great difficulty in doing this, as the administration is anxious to appeal to both dry and wet voters and wishes to adopt a plank acceptable to both.

It is even more difficult to say at this moment how far the movement to nominate a new vice-president will go. The administration is supporting Vice-President Curtis, but there are many who feel that he is too old and that the ticket would gain strength by the substitution of another name. The name most frequently mentioned is that of Charles G. Dawes. While he has let it be understood that he is not

a candidate, it is said that at least twenty state delegations are ready to vote for him. General Dawes, it seems, does not want the nomination, but many believe he would accept it if the party drafts him.

"WE ARE both going to Lausanne with a determination to make the conference effective and to get decisions which will be good and which will be practical." These were the words of Ramsay MacDonald early last week after a two-day conference with the new premier of France, Edouard Herriot. While no formal agreement between the heads of the two governments was reached, it is understood that they view many of the serious problems confronting Europe in a similar manner and will work to bring about a solution at Geneva and Lausanne.

After the two statesmen had conferred in Paris, they left for Geneva where they hoped to instill new life and vigor into the disarmament conference which has been spending several weeks in futile debates on the question of "offensive" and "defensive" weapons of warfare. Despite the apparent simplicity of this question, the delegates have been unable to agree upon aggressive instruments and thus have been unable to work for their abolition. It is now said to be the desire of Mr. MacDonald to have the conference tackle the disarmament problem from a less controversial point of view, that is, by recommending an armaments truce for a period of several years.

From Geneva, the French and British leaders went to Lausanne to take up the task of reaching an agreement on reparations payments. Both were silent as to the steps they would recommend at the conference, although it was evident that their decision would be governed largely by the attitude of other representatives. It appeared likely that the outcome of the Lausanne parley would be an additional moratorium on reparations pending the outcome of the elections in this country. The European nations are convinced that the issue of war debts and reparations can be satisfactorily settled only when the United States is willing to participate in discussions on the problems.

AS THE present session of Congress approaches its final days, the problem of reconciling the opposing views on unemployment relief is absorbing an increasing share of attention. While the House has accepted the Garner bill, it is certain that this measure will not be satisfactory to the Senate. Last week the Senate Committee on Banking and Currency, which has had the relief bills under consideration, decided to substitute the Wagner bill for that of Mr. Garner. It is expected that a compromise will be reached should the Senate decide in favor of the Wagner proposal.

There is considerable doubt, however, that the Senate will agree to the Wagner bill because of its provision calling for a \$500,000,000 bond issue for public works. This section is objectionable to the administration, and Republican senators supporting the president's views are endeavoring to substitute the Barbour bill which contains all the relief recommendations made by President Hoover. The Banking and Currency Committee, however, has pigeonholed this bill and has accepted the Wagner proposal instead.

The Wagner bill as it left the hands of the committee was somewhat modified. The section providing for loans of \$300,000,000 to states for the relief of suffering and distress had previously been lifted bodily from the bill and voted upon as a separate measure. It was accepted by the Senate and sent to the House. The other sections of the Wagner bill provide (1) that the Reconstruction Finance Corporation shall be permitted to sell \$1,500,000,000 in additional

bonds and lend the proceeds for self-liquidating projects, and (2) that a \$500,000,000 bond issue for public works shall be authorized.

WHILE the Senate has passed an economy bill which will save \$131,000,000 during the next year, it is not certain that the House will accept its various sections. In the first place, the bill contains the president's furlough plan which would oblige all federal employees to take a thirty-day vacation without pay. The House rejected this proposal by a two-to-one vote when it was up for consideration some time ago. There are many who believe the House will be unwilling to reverse its decision and now accept the furlough.

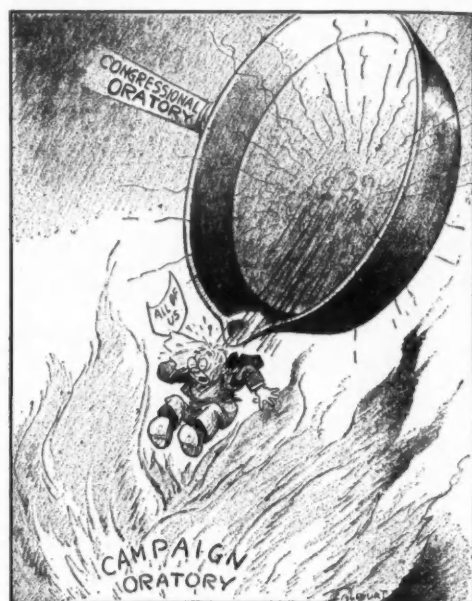
Members of the conference committee have been working on the two economy bills—the one passed by the Senate and the other by the House—in an effort to adjust the differences and whip a bill into final shape. It was expected that the conferees would accept the furlough plan although a number of them expressed themselves in favor of the straight ten per cent cut which had been accepted by the Senate but later was replaced by the furlough plan. At any rate, final action on the economy program appeared imminent last week as both houses were anxious to dispose of the matter.

Even if the bill is accepted in the form passed by the Senate, the savings will be insufficient to balance the budget. The original bill provided for total economies amounting to \$238,000,000, but after various items had been stricken out, the total was much less. In spite of the deficiency of \$150,000,000 or \$200,000,000 estimated for next year, it does not appear that Congress is disposed to levy additional taxes or is able to enact sufficient economies to bring the budget into complete balance.

INSTEAD of settling the differences in Anglo-Irish relations, the recent conference of Eamon de Valera and Ramsay MacDonald in London only tended further to divide the two governments on the issues which have confronted them for many weeks—the oath of allegiance and the land annuities. After a conference of more than five hours, the Irish and British separated, frankly announcing that their attempts at reconciliation had been fruitless and that there is a decided rift between them. On the question of the oath of allegiance to the British king, which Mr. de Valera insists must be abolished from the Irish Constitution, neither side was willing to give in. The Irish insisted that it was a domestic problem and that their parliament had the right to abolish it. The British, on the other hand, remained firm in their contention that such action would constitute a violation of the Anglo-Irish treaty of 1921.

On the other point at issue—the land annuities which the Irish are held to owe to the British who formerly owned their land—the outcome was hardly more satisfactory. Mr. de Valera and his associates insisted that further payments would not be forthcoming. It was expected that this issue would reach a climax late last week when the annual instalments on the land payments were due. The state of deadlock over these two issues has cast a cloud of uncertainty over the impending Imperial Conference at Ottawa. It is doubtful, unless there is some amelioration in Anglo-Irish relations, that the Irish government will even send delegates to the conference.

PRESIDENT PAUL VON HINDENBURG last week affixed his signature to an emergency decree imposing extremely heavy taxes upon the German people. The decree was submitted to the aged president by Franz von Papen, the new chancellor of Germany. According to the terms of the



OUT OF THE FRYING PAN—!

—Talburt in WASHINGTON NEWS

new law, every German gainfully employed will be obliged to contribute funds to the government. The rate of the new income tax starts at one and one-half per cent on the smaller salaries, and gradually mounts as the income increases. In addition, a new tax has been placed upon the sale of salt. Not only does the decree impose these additional taxes, but it makes drastic reductions in expenditures for the unemployment dole and for pensions to war veterans. It was also thought likely last week that the president would sign another decree which would remove the ban recently placed upon the storm troops or "brown army" of Adolf Hitler.

Many people in Germany have expressed great surprise at the new emergency decree signed by von Hindenburg. It will be recalled that one of his objections to the policies of former Chancellor Brüning was that the chancellor was governing the country by means of emergency decrees rather than by the support of the Reichstag. In fact, the rupture occurred when the president refused to authorize additional decrees. Now, it is pointed out, Herr von Hindenburg has signed the most drastic of all the emergency decrees.

BELIEVING that in the present depression the president should recreate the Council of National Defense which functioned during the war to coordinate and supervise American industries, a group of eighty leading citizens recently petitioned Mr. Hoover to take such action. The president, however, in replying to this request, announced his opposition to such a plan on the ground that the resurrection of the council would not tend to improve conditions. The president further held that the present organization of the government was adequate to cope with the situation and that the various departments constitute "the most effective economic council that could be devised because they have behind them both authority and co-operation."

The council in question was created in 1916 for the purpose of concentrating and making available the resources of the nation to prosecute the war. It was composed of the secretaries of war, commerce, interior, navy, agriculture, labor and a group of seven private citizens who acted in an advisory capacity. Since 1921, Congress has made no appropriations for this agency, and as a result it has not been functioning since then.

The request for the re-creation of this governmental body is quite consistent with an increasing feeling on the part of large numbers of Americans that authority to cope with the depression should be delegated either to the president or to a supreme economic council. It is their belief that the country needs a form of dictatorship which will be able to act rapidly and efficiently with the grave problems now demanding solution.



ALL WET, EVIDENTLY

—Sykes in N. Y. EVENING POST



## THE LIBRARY TABLE

### STUDIES OF OPINION

#### XVI

Congress, since it convened last December, has been made to shoulder much of the blame for the deepening of the depression and for the continued loss of confidence in all parts of the country. Numerous have been the statements that the national legislature should adjourn as soon as possible in order to give the nation a chance to move toward recovery. Briefly, there are many who believe that so long as Congress remains in session there can be no revival of confidence.

The *New Republic* takes exception to this theory that Congress is responsible for so many of our ills. In an editorial entitled "Confidence," it makes an analysis of the causes of that phenomenon, taking each one separately and examining the relation Congress has had to it. For instance, with respect to bank failures, it says:

Depositors are afraid that banks will fail, not because Senators make speeches, but because banks have failed by the thousands. Many of these failures were innocent, so far as the management of the particular banks were concerned; others were not (City Trust Company). But in either case the depositors' fear is just as real. When banks have ceased to fail for a long enough period, depositors will regain a corresponding amount of confidence. There is now some improvement to be observed in this respect. And note well, the improvement is due, not to any act of the private banking fraternity, but to an act of Congress—the Glass-Steagall bill.

As this is written, approximately 100 ex-soldiers an hour are arriving in Washington to demand payment of the bonus. As the ranks of the so-called B. E. F. swell the situation becomes more and more serious. Facilities for their accommodation are lacking; yet they remain steadfast in their intention to remain until 1945 if necessary to collect their bonus. The *New Republic* makes the following comment:

While we disapprove of the purpose of the veterans in marching on Washington, we are not insensible to the pathos which lies behind the presence of many of them in the straggling army which is causing so much distress of that and a dozen other cities. There is one fact which is generally overlooked by critics of the bonus army, such as General Sir Ian Hamilton, who spoke bitterly the other day about the impossibility of a similar phenomenon in Great Britain. Sir Ian forgot that England has an unemployment insurance system while America has none. It is safe to

assume that practically all of the thousands of war veterans who have lately moved on Washington are out of work. And it is reasonable to suppose that in their semi-starved condition, they feel they can hardly do any worse on the road than by staying at home. The bonus marchers convey a political object lesson very different from the one they intend. They are an exhibit of the callous cruelty of our planless, conscienceless and selfish civilization.

The suggestion has been made that the Lausanne conference on reparations be followed by a great conference in London for the purpose of discussing the world's economic ills. The United States has consented to join on the condition that such topics as reparations, war debts, disarmament and tariffs be left out of the discussion. The *New Republic* takes this view of the government's attitude:

The United States is to enter a world-wide monetary conference to be held in London some time after the Lausanne meeting has come to an end. While we are warmly in favor of international cooperation by America, we must confess that we can only throw our cap a couple of inches in the air at this news. For war debts are to be excluded from the discussion; so are reparations; so is the American tariff. To have an international economic conference without discussing these things is like leaving out of "Hamlet" not only the Prince but Elsinore, Ophelia and the whole second act.

#### SOVIET RIVER

Leonid Leonov is one of the few modern Russian writers who have received recognition in this country. His latest novel, "Soviet River" (New York: The Dial Press. \$2.50) has been acclaimed by those who, remembering the works of the Russian writers of the past century, see in Leonov great possibilities and the making of a genius in the literary field. And this young writer (Mr. Leonov is only thirty) does show promise. He displays considerable skill in the art of description and in the portrayal of deep feelings. So much of his book is devoted to description of the landscape, the people, the conflicts of modern Russia that the reader demanding rapid action will be disappointed and bored with "Soviet River."

The author has attempted to give us a picture of the gigantic struggle which is holding the Russian people in its grip. He tells of the building of a cellulose factory on the banks of the River Sot, located in a remote corner of Russia. The backwardness of the peasants in that region, their misgivings as to the five-year plan, the failure encountered by those in charge of the project and the tremendous obstacles which have to be overcome are told in a colorful and understanding manner.

It is in these descriptions rather than in the development of the plot that the author has displayed real talent. In fact, one wonders if Mr. Leonov has not buried the plot too deeply in the labyrinth of descriptive detail for it is often quite difficult for the reader to follow the story. And in many places he takes us on such long detours that we have a hard time returning to the main theme of the book. These separate episodes, interesting though they are, do not tend to make for easy reading. "Soviet River" should not be tackled by those who wish pure relaxation, for they will find to their



A LABOR DAY DINNER AT SING SING  
An illustration from "20,000 Years in Sing Sing."

dismay that they will have steadily to concentrate in order to follow Mr. Leonov in his lyric wanderings.

#### 20,000 YEARS

In a period when crime is a subject uppermost in the minds of most thinking Americans, when there are so many conflicting views as to the most effective method of handling it and when sweeping reforms are being advocated by officials in high position, the recent work of one of America's most eminent authorities on the subject, Lewis E. Lawes, warden of Sing Sing prison, is a real contribution to a better understanding of the entire problem. "Twenty Thousand Years in Sing Sing" (New York: Ray Long and Richard R. Smith, Inc. \$3.00) is in a sense an autobiography of a man who has attained such wide acclaim during recent years for his unusual manner of directing the affairs of one of America's most important prisons. But the real value of the warden's book does not lie in the recital of events in his life. He treats the subject of criminals in such an intelligent manner and presents the facts with such a high degree of understanding and common sense that the reader cannot but be deeply impressed and influenced by his contribution.

Aside from the few pages here and there devoted to description such as the working and organization of the prisoners' league at Sing Sing, the book is one which can be set aside only with reluctance, so interestingly has the author handled his subject. He has aptly chosen actual cases to demonstrate a point which he wishes to convey rather than to deal in abstractions and vague theory. As a result, one finds within the covers of this book all the human interest, all the pathos and tragedy required by those who dislike dull reading.

Particularly valuable are the last five or six chapters of the book which are devoted to an explanation of Warden Lawes' philosophy of crime and prisons. It is in these pages that he penetrates below the surface of the problem and treats the fundamentals which must be taken into account if one hopes to extricate crime from our midst and adjust to society the misfits known as the criminals. And in doing this, he does not use high-sounding language but faces squarely hard realities and facts. He does not spare criticism where criticism is due, but it is in no way destructive, for he does offer solutions which would bear serious and intelligent study by those in charge of America's crime problem.

#### MONEY SIMPLIFIED

During the past year or so the average person who has made a sincere attempt to keep abreast with events of national importance, has frequently found himself baffled by the complexity of the problems at hand. The economic situation has naturally resulted in the discussion in the press, in books and in Congress of questions of a purely economic and financial nature. The ordinary layman is not familiar with these questions. He does not know the technical terms which are

used and misused and often he despairs of understanding the intricate developments which are daily taking place.

Donald B. Woodward and Marc A. Rose, financial editor and editor of *Business Week*, have sensed the need of a book explaining in simple and clear terms what everyone needs to know about our monetary system. Acting on the supposition that their readers know nothing at all about the subject, the authors have made "A Primer of Money" (New York: McGraw-Hill Book Company, Inc. \$2.00) as elementary as possible. Their purpose is to show that financial problems are not so confusing as they are thought to be, and that any person, once he gets behind the technical terms, can arrive at an understanding of them.

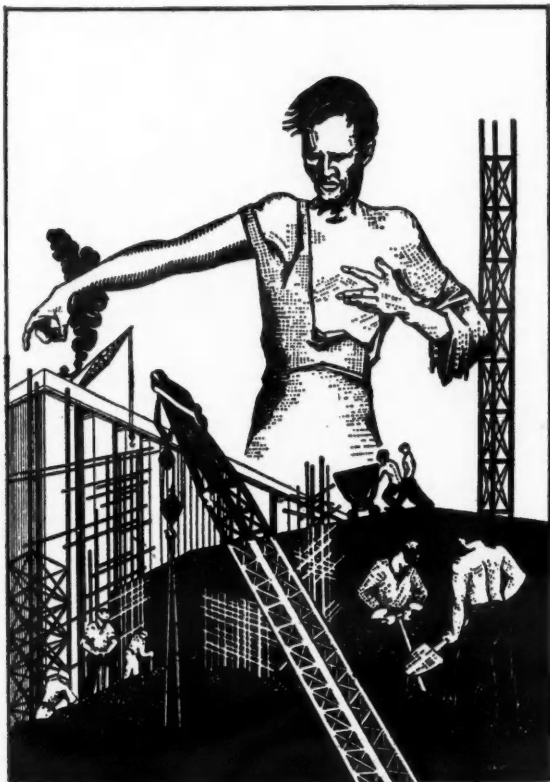
The accomplishment of this purpose makes "A Primer of Money" a valuable book. Here one finds an explanation of bimetalism, the gold standard, interest, credit, inflation, the Federal Reserve System and general banking practice. There is also a discussion of present-day financial problems. It is a book which can be read with interest, but which should also be read carefully, for the subject, although simply treated, is still complex.

#### COUP D'ETAT

The tactics employed by European leaders of the past decade or so in overthrowing a number of governments constitute the central theme of the latest book of Curzio Malaparte, the young Italian writer. "Coup d'Etat: The Technique of Revolution" (New York: E. P. Dutton and Co. \$2.50) is not so ponderous as the title would indicate and does not, as one might be led to believe, deal in abstractions. Signor Malaparte writes in a lucid and straightforward manner. He differs from the majority of contemporary Italian writers by using short and direct sentences.

Throughout the pages of this book is unfolded the story of the overthrow of the Kerensky government in Russia by Trotsky and a small group of followers. Later the clash between Stalin and Trotsky is told in a clear manner. Our attention is then carried to the events in Poland leading up to the Pilsudski dictatorship; the career of Primo de Rivera in Spain; the Fascist revolution in Italy and the rise of the Hitlerite movement in Germany with an interlude dealing with the Napoleonic maneuvers.

All this makes interesting reading for the person who is familiar with the historical background of these revolutionary movements. Signor Malaparte takes it for granted that his readers know the history of post-war Europe as well as that of the Napoleonic ventures. His task is to show how the revolutionary forces have come to power, why some attempts to seize power have been fruitless, the strategy employed in each case and the similarity between the various movements. Particularly interesting is his discussion of the Fascist movement in Italy since he was a participant in it and was even a member of the Mussolini army which marched on Rome in 1922.



FROM THE JACKET DESIGN OF "SOVIET RIVER"





Last week, we followed the fortunes of General Jackson who made the race for the presidency in 1824, received the popular vote and the largest number of electoral votes, but who lost the presidency when the election went to the House of Representatives. It seems that the

**Campaign  
of  
1828**

General was not at that time especially eager for the presidential office. He had declared that he was not equipped for the place and seems not to have cared greatly for it. But after the defeat in the House of Representatives, he changed his mind. He felt that he had been unjustly treated. He thought that Henry Clay and John Quincy Adams had made a corrupt deal by which Clay had thrown his support to Adams. This was an affront to Jackson and he took up the cudgels and began a systematic fight to gain the presidency in 1828. The campaign was carried on with thoroughness during the entire period of the Adams administration.

It was greatly in Jackson's favor that Adams was not a popular politician. He was a man of broad learning and was possessed with certain of the characteristics of the statesman but he disdained the arts of politics. He was austere in appearance and manner and made no attempt to win either the popular support or the favor of politicians. Henry Clay was drawn to him by the bonds of mutual advantage. But other leaders, such as Crawford, Calhoun and Martin Van Buren, the political "boss" of New York, were arrayed against him and they turned to Jackson as the most promising adversary of the administration.

The group which was gathering around Jackson began to call themselves Democrats. They talked a great deal about the desirability of securing rule by the people. They claimed that the old caucus system prevented the judgment of the people from prevailing. They called for the election of presidential electors by direct vote. A number of the states had chosen their electors by the action of their legislatures. There were demands for a constitutional amendment changing the mode of the presidential election. The movement for such a change, though logical enough, failed just as such movements by the score have failed since then. The issue as to whether the archaic scheme of electing a president should be altered is still being thrashed out from time to time by the American people. The opposition to the administration was carried on with feeling but without any very concrete issue other than the quite general demand for more democratic practices in politics and for a system by which the people might rule more directly. The cry, "Hurrah for Jackson," became a good substitute for the proclaiming of issues.

At the same time, the administration forces were taking form under the title, "National Republican." This term was later to change to Whig. President Adams took no part in the effort at his reelection. The leadership of the administration forces fell to Henry Clay. Clay undertook the formation and maintenance of a party devoted to his so-called "American System." As we saw last week, he stood for a program of internal improvements—for the building of roads and canals at the expense of the national government—and for a protective tariff to foster industries. He hoped by this com-

**The  
National  
Republicans**

bination to secure the support of the agrarian west and the industrial northeast. This group was inclined to accept the old Federalist doctrine of a liberal construction of the Constitution, whereas the Democrats were inclined to the principle of strict construction and states' rights. The system of nomination by congressional caucuses was dead by this time, the endorsement of state legislatures having been substituted. The legislature of Tennessee led off with the endorsement of Andrew Jackson in 1825, three years in advance of the elections.

A third party put in its appearance in 1828, though it did not assume large proportions. It was the Anti-Masonic Party. William Morgan, a Mason, published a book purporting to reveal the secrets of the order and shortly thereafter he disappeared. Great popular feeling was aroused and a strong movement calling for the suppression of secret orders and particularly of Masonry developed and culminated in the placing of a ticket in the field. Jackson was a Mason but Adams was not.

The campaign was characterized further by mudslinging and personal abuses. Charges were made involving the personal morality and public rectitude of the candidates. John Bach McMaster, in his "History of the People of the United States," Volume Five, describes the conduct of the campaign in this way:

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**Mudslinging  
and  
Abuse**

conduct of the campaign in this way:

The overthrow of the congressional and legislative caucus, the want of party organization, the absence of the National Convention and the nominating machinery of later days, the almost universal adoption of the general ticket or the district system and the great extension of the suffrage, the outcry against the "dynasty of the secretaries," the demand for a President who was a "man of the people," and the belief that Jackson had really been cheated out of the presidency by bargain and corruption, left all matters of detail entirely in the hands of the people.

Never before, as a consequence, were such appeals made to the voter. The mass of campaign literature surpasses anything of the kind that ever went before in quantity, scurrility, and falsehood. Records, both public and private, were ransacked, the career of each candidate was passed in review, and no act of the least importance was suffered to go unquestioned. Jackson was charged with marrying his wife before she was divorced from her first husband; with the murder of six deserters from the militia at Mobile in 1815; with being a party to Burr's conspiracy; with usurping the powers of Congress and making war on Spain by invading Florida; with defying and disobeying the orders of the President by capturing St. Marks and Pensacola; with executing Arbuthnot and Ambrister without trial; with banishing citizens of Pensacola on the charge of being spies in time of peace; with unlawfully and arbitrarily forcing Colonel Collver to surrender archives and documents when Governor of Florida; with placing military above civil power at New Orleans, and insolently defying a judge; with using profane language; and with hostility to the American system.

Adams, on the other hand, was denounced as a monarchist, as an aristocrat, as an old Federalist in disguise, as a man who had changed his party but not his principles, as

a ruler above the law and blind to duty. He was charged with assuming power not granted by the Constitution in claiming the right to send Ministers to Panama against the will and without the consent of the Senate. He was charged with causing the loss of the British West Indian trade by mismanagement; with gross extravagance in the expenditure of public money; with having fed all his life at the public crib; with having received such great sums of public money as salaries, outfits, and allowances for the many offices he had held that the grand total was equal to sixteen dollars for every day of his life since he first drew breath. He was a Northern man from a free State, he had used Federal patronage to influence elections, had corrupted the civil service, had quarrelled with his father, was the friend of duellists, had written a scurrilous poem against Jefferson, was an enemy of the West, and while at St. Petersburg had surrendered a beautiful American servant girl to the Emperor of Russia.

The campaign resulted in the election of Jackson by an electoral vote of 178 to 83 for Adams. Jackson received approximately 647,000 popular votes to 508,000 popular votes for Adams. William MacDonald, in "Jeffersonian Democracy," gives us this characterization of the election and its results:

To personal vindication of Jackson was added emphatic popular endorsement of the social and political order with which he was identified. In the election of Jackson the people of the United States turned their backs on their early principles of statesmanship, and entrusted the conduct of the federal government to an untrained, self-willed, passionate frontier soldier. That he was not of the old school was, in the eyes of his supporters, a commendation. It was as idle then as it is now to bemoan the change. A great democracy will never be governed for long together by its best men, but by its average. To the average voter in 1828, Jackson was a great popular leader because they held him to be also a typical democrat. With him, democracy springs into the saddle. It had yet to show how well it could ride.

If the contest twenty-eight years before could rightly be called the "revolution of 1800," the election of Jackson might equally well be termed the "revolution of 1828." It was not that great decisions had been made with respect to national policies, for they had not. In the main, the attitude of the president-elect toward the great problems of the day was unknown. But a change had come in the spirit of the government. It was no longer in the hands of those who were thought of as experts. It was turned over to the people. The theory came to prevail that the common people were capable not only of selecting officials but of participating in the government. Beard and Beard in "The Rise of American Civilization" characterize General Jackson and give indication of the meaning which attended his elevation to the presidency:

Jackson's opponents, of course, sneered because he was rough in manner, smoked an old pipe, chewed tobacco profusely, told stories that could not be printed, loafed around with a week's bristles on his face, and wore soiled clothes. John Quincy Adams, who knew Jackson well, could hardly suppress his anguish when Harvard gave "the brawler from Tennessee" the degree of doctor of laws. It was not a pure accident that Jackson's chief regret at the end of his presidential course was "that he had never had an opportunity to shoot Clay or hang Calhoun." But the contempt of his enemies only endeared him the more to the masses, especially as all charges were discreetly counterbalanced by news that he regularly read the Bible, recited countless lines of Watts' doleful hymns, and asked the blessing at the table. Moreover, those who saw him dressed in his best, with his pipe, and plug laid aside, bowing in his courtliest manner, concluded that the discreditable tales about him were partisan falsehoods.



—Courtesy McKinley Publishing Co.  
AN OLD CARTOON OF JACKSON

This depicts an incident toward the end of the president's administration when his power was weakening and his cabinet was resigning, "running away like rats from a falling house."





© Harris &amp; Ewing

CARLOS DAVILA

## CHILE EMBARKS UPON SOCIALISTIC REGIME

(Concluded from page 1, column 1)

in Soviet Russia. Indeed, since the removal of Señor Davila there has been considerable talk of a truly communistic order in Chile. Finally, there is the possibility that the socialistic junta will not carry out all its policies but will pursue a moderate course resulting in no major or fundamental changes.

### SOCIALIZATION

Since the overthrow of President Davila, however, the principal desire of the junta appears to be the creation of a "Chile for the Chileans." Members have declared for a reorganization which will free Chile from the control of foreign capital. They would have the government take over the basic industries, thus delivering them from foreigners who now own and direct them. They would make available to the masses privileges which have until the present been enjoyed only by the landed aristocracy. Thus they have suggested that the radio, the press, the theatres be placed under governmental control so as more effectively to educate the masses.

Whatever trend the Chilean revolution may take, it is important to examine the underlying causes of the upheaval because of its unusual nature and because of its possible consequences upon other South American governments. While revolutions in South America are not uncommon, the *coup d'état* in Santiago differs widely from previous governmental crises on that continent. In the past, military dictatorships have been overthrown by groups demanding democratic government or by other dictatorships, but the reorganization of a country along socialistic lines, such as those contemplated by the present leaders in Chile, is a novel experience. Already its effects have been felt in other countries. Certain sections of the press in Argentina and Brazil have sung the praises of the Chilean revolution and have espoused the cause of the workers in their countries.

In examining the principal causes of the Chilean affair, due stress must be placed upon both political and economic developments of the past few years. Those familiar with events in that country have anticipated changes in the government which would be provoked not by any incapacity on the part of President Montero, who was elected last October, but by the general discontent of the people arising out of the burden of the depression. There has been a growing tendency among Chilean workers to demand radical changes. They have insisted that jobs be found for them and that they be given an opportunity to live more comfortably. The unfortunate conditions which have existed among Chilean laborers is directly linked to the recent

trends of the nitrate industry—an industry upon which the prosperity of Chile and the well-being of its inhabitants largely depend.

### NITRATE INDUSTRY

Since the latter part of the nineteenth century, Chile has been in possession of the largest deposits of natural nitrates in the world. So extensive were these mineral deposits that until the World War, Chile had a virtual monopoly. And the world needed Chilean nitrates. They were the best fertilizers to be found and farmers in every country purchased them in order to increase the productivity of the soil. Not only did the Chilean government make a handsome profit by exploiting several of the nitrate deposits but it also levied an export tax of twelve dollars a ton on all sales made to foreign customers. In fact, the revenue derived from the nitrate industry was for many years sufficient to pay half the government's expenses.

Thus it was that the people of Chile were not heavily burdened with taxes because the government relied upon the production of nitrates for its revenue. But they received other benefits equally important. With the opening of the mines in the northern section of the country, thousands of workers found employment in the recovery of nitrates from the soil. And the farmers in the central regions also profited. They sold their agricultural products to feed the workers in the nitrate fields and they sold their mules to assist in the exploitation of this natural resource. Until the close of the war, Chile was prosperous because of this one industry.

But the restoration of peace brought about a decided change in Chile's position as the great nitrate producer of the world. During the conflict, Germany had been unable to obtain nitrates from Chile due to the blockades enforced by her enemies. And she had to have nitrates for the manufacture of munitions. As a result, Germans developed a process of making synthetic nitrate which proved highly successful. After the war, the synthetic industry was in a position to supply many of the markets which had formerly obtained their nitrates from Chile.

### DIFFICULT STRAITS

With this new supply of nitrate suddenly thrown upon world markets, the price took a violent slump and Chile was placed in sore financial straits. It soon became apparent that the nitrate fields of northern Chile, in order successfully to compete with the producers of artificial nitrates, would have to be reorganized along more modern lines; that machines would have to take the place of the men who extracted the mineral from the soil. A new process was discovered which would lower the cost of production.

Last year, the nitrate industry of Chile underwent a complete reorganization. Instead of tens of small companies, a grouping of the industry into one company under the name of Cosach was effected. As a recompense for its holdings and for its agreement to abolish the export tax, the Chilean government was given one-half of the stock in the newly formed company. The control of the concern was, however, in the hands of American capitalists, the Guggenheim interests.

Not all Chileans looked upon the formation of Cosach with favor. The workers realized that it meant the end of their jobs since machines would supplant manual labor. The agricultural interests of the central region knew that

they could no longer dispose of their products to workers in the nitrate fields. There was the further complaint that the industry had been sold out to foreign capitalists. Whatever logic or merit these arguments may have had, it is not to be denied that the decline of the nitrate industry has had a decided effect upon the masses of Chileans, has brought the nation to the very brink of bankruptcy, and has a direct relation to the recent revolution.

It was due largely to these conditions that the revolution of a year ago was provoked. The people rose up against the military dictatorship of Carlos Ibañez who had been in power since 1927. Prior to last July he ruled with an iron hand simply because anyone who opposed his government was immediately exiled. In July, however, the financial situation of the country became critical.

For the first time in its history, Chile was unable to meet the interest payments on the money it had borrowed abroad and was obliged to default on its foreign bonds. After a revolutionary movement in protest of the Ibañez régime, the president left the country. A provisional government held office until the October elections which resulted in the victory of Dr. Juan Esteban Montero, the recent president.

### RISE OF RADICALS

The government under President Montero failed materially to improve the economic conditions of the country. And the radical elements, the activities of which had been suppressed under Colonel Ibañez, were allowed to return. During recent months they have made attempts to overthrow the government by such tactics as general strikes. In April, the situation became acute as a general run on the central bank in addition to political disturbances caused widespread unrest. At that time the cabinet was reorganized and martial law was declared by the president. While these disturbances were not attributed to any particular group of radicals, they were characteristic of the general uneasiness and discontent existing among the people of Chile. The radical elements have been gradually increasing in power. The increase of unemployment and the general business depression have led many people into their ranks. They were finally successful in overthrowing the government and creating the "socialistic republic" early in this month.

### AMERICAN INVESTMENTS

The United States and Great Britain are the principal foreign countries having interests in Chile. Subjects of both nations have made large investments in Chilean enterprises. Should the policies announced by the new government be put into effect, business interests in both countries would feel direct consequences. It is estimated that American investments in Chile

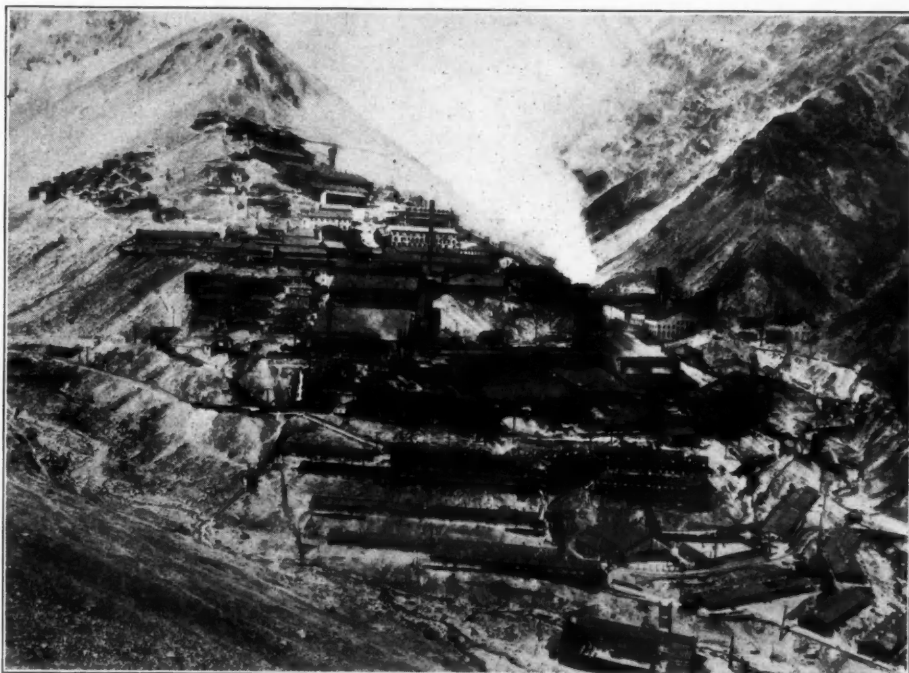
amount to more than \$700,000,000. Not only are there heavy investments in Cosach, the large nitrate company, but the large copper mines of the country are chiefly owned by American capitalists. Large sums of money are tied up in public utilities in Chile—street cars, telephones, cables, telegraphs and air services. Companies such as the International Telephone and Telegraph Corporation, the American and Foreign Power Company, the Grace Steamship Company, in addition to several banks, are all represented in Chile.

Aside from these interests, there are countless private citizens in this country who have purchased Chilean bonds many of which, while not paying interest at the present time, are considered sound investments. Should the new government decide to set up a system of complete socialism under the direct control of the state, these investors would suffer heavy losses both direct and indirect. While in power, Señor Davila indicated that foreign investors need have no fear of losing their investments, but he was ousted because of excessive moderation. It is always within the realm of possibility that the junta will undertake to make a complete job of giving "Chile to the Chileans" by confiscating all foreign property and repudiating debts owed to foreigners.

### POSSIBLE EFFECTS

There is a final aspect of the Chilean experiment to which we have already referred and which should not be overlooked—the possible effects upon other South American countries. So-called radical groups are organized more or less efficiently in other nations on that continent. Peru, Argentina and Uruguay all have their organizations which for years have been attempting to establish governments along communistic or socialistic lines. The *Asociación Popular Revolucionaria Americana*, or APRA as it is commonly called, has been striving to gain governmental control of Peru for some time. Its leader, who was a candidate for the presidency in the elections of last fall, was defeated but the movement has considerable influence and may in the future come into power. Whatever may be the outcome of the political upheaval in Chile, it is certain that it has evoked certain misgivings in these other countries as to the future of their own systems of government.

It was announced in London on June 14 that the British government was sending a warship to Callao, Peru, "in order to be ready in case of need for protection of British interests in Chile." The British Foreign Office considers the situation in Chile as serious and has informed Parliament that the interests of British subjects in that country would receive protection.



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AMERICANS HAVE INVESTED HEAVILY IN THE COPPER INDUSTRY OF CHILE



## Electrical Manufacturers Adopt Unemployment Insurance Program

Approve Swope Plan by Which Jobless Workers Are Assured of Financial Assistance from Fund Contributed to by Employer and Employee

The National Electrical Manufacturing Association, composed of 300 member companies which employ 200,000 workers, has made the first organized effort of any industry as a whole to provide for the security of its workers during a period of depression. The Association has adopted the Swope Unemployment Insurance Plan which proposes that mutual contributions be made by the companies and the workers into a fund, from which payments will be made to unemployed workers until they are able to secure positions.

The author of the plan, Gerard Swope, president of the General Electric Company, is prominent among members of the business world because of his continuous attempts to bring about closer cooperation between employers and employees. He recently received the Gold Medal award of the National Institute of Social Sciences in recognition of his public service in originating the Swope Plan. The plan was first brought to the attention of the Electrical Association in the latter part of 1931, and a short time ago representatives of all the member companies met at a conference and decided to launch the experiment in the electrical industry.

The provisions of the plan require each individual company to solicit the signatures of 60 per cent or more of its workers before it can operate under this system. The employees must have had a previous connection with the firm for a year. The workers, who are thus available and who wish to be included in the plan, are known as participating employees. The others are called non-participating. The participating employees contribute one per cent of their actual wages (except when earnings are 50 per cent below normal) over a period of five years. The company makes an equal contribution for each employee.

If a participating worker has contributed to the fund for six months and after that time loses his position, he is entitled to draw from this fund 50 per cent of his normal average earnings (not exceeding 20 dollars a week) for a period of ten weeks. If at any time there is more money being paid out of the fund than is being taken in, all employees who still have positions, whether participating or non-participating, are required to contribute an additional

one per cent of their earnings to the fund. The company also duplicates this amount. When the emergency has been met and normal conditions have been brought about once again, the non-participating workers are no longer bound to contribute.

In ordinary times only 70 per cent of the fund is made available for unemployment purposes. Most of the remainder is used for the purpose of extending loans to participating employees when they are in need of credit. The loans cannot exceed \$200 in value. A very small portion of the fund is set aside to be loaned to former employees who are temporarily in need of assistance. If a participating member leaves his position, all that he has contributed is returned to him, including an additional small amount of interest. The employer is likewise remunerated in return for the contributions which he made for this particular employee.

The unemployment plan, while it is new in this country, has been prevalent in a number of European countries since the late war. But whether it will be widely adopted here remains to be seen. There is, however, a movement in this direction at the present time. The Chamber of Commerce of the United States has formulated a plan for unemployment reserves which in many respects resembles the Swope Plan. Its chief difference is that the employees do not contribute to the benefit fund except in case of emergencies.

The Wisconsin legislature has passed a law requiring employers to provide unemployment benefits if they do not do so voluntarily. The Interstate Commission on Unemployment Insurance, composed of representatives of the governors of the states of New York, Ohio, Massachusetts, Pennsylvania, New Jersey and Connecticut, has reported in favor of the compulsory establishment of state-wide systems of unemployment reserves. The Special Committee on Unemployment Insurance of the United States Senate has agreed that unemployment insurance is advisable and should be handled by the states on a compulsory basis.

### WAR DEPARTMENT

The Senate, when it voted on the appropriation bill for the War Department on June 9, refused to uphold the action previously taken by the House in dropping 2,000 army officers. The upper branch of the legislature stood unalterably opposed to making such a drastic reduction in the personnel of the army. Despite this fact, the bill as finally accepted by the Senate provides for considerable economies in the War Department for the next fiscal year. The total appropriation provided by the Senate bill is \$3,000,000 less than the House bill, more than \$21,000,000 less than the estimates submitted by the president in his budget message last December.



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THE FIRST CONTINGENT OF THE BONUS ARMY ENCAMP IN WASHINGTON

## War Veterans Invade Washington to Demand Payment of Bonus Certificates

Nearly a month has passed since a small group of World War veterans marched into the capital city, stating their intention of remaining until Congress enacted legislation which would enable them to receive full payment of their bonus certificates. At first, their threat to "sit on the door of the capitol" until this money was made available to them was not taken seriously by District authorities. Similar marches had been made on Washington in the past. But it was soon realized that the veterans were not to be thwarted in their plan. Additional forces from every section of the country have swollen the "bonus army" in Washington to around 20,000.

Temporary camps have been set up throughout the city in an attempt to house and feed the veterans. However, as the capital authorities were wholly unprepared for this emergency, the crude accommodations which have been hastily arranged for, are proving inadequate. A large number of the men are living entirely out of doors, making it impossible to obtain shelter from rains which have drenched the camps on numerous occasions. Hundreds of them have contracted illnesses due to their unhealthy surroundings. Several emergency hospitals have been provided to care for the ailing men. And despite the critical situation which has arisen, the veterans are not only determined to remain, but they are urging others to come.

Their cause was greatly bolstered on Wednesday, June 15. On that day the Patman bill, which provides for immediate issuance of \$2,400,000,000 in currency to discharge the government's obligations to the veterans, was passed by the House of Representatives by 209-176 vote. The total amount of this money, under the present law, is not due the ex-soldiers until 1945. However, if the Patman bill is approved by the Senate, and signed by the president, the veterans will immediately be paid in full. But such a possibility at the present time appears to be remote.

The majority in the Senate are said to be hostile to the bill, and even if that body should give its approval, President Hoover has definitely stated that he would veto it. Then the bill would be sent back to Congress where it would have to obtain a two-thirds majority in both the House and the Senate. This would mean, by comparison with the first vote in the House, that many members would have to change their votes. And it is even less likely that the Senate could muster the requisite number of votes to pass over the presidential veto. Thus it is to be seen that the veterans are fighting against unfavorable odds.

What do they propose to do if this legislation is not enacted? They have ex-

pressed their intention of remaining as long as it is necessary to receive full payment of their certificates. In other words, if Congress adjourns without meeting their demands, they will still be here when Congress convenes in December. Such is the problem that is now facing the District authorities. In addition to administering relief to the capital's own unemployed, the officials are also having to supervise the relief work for the veterans. This situation is being mitigated, however, by private contributions from persons throughout the country.

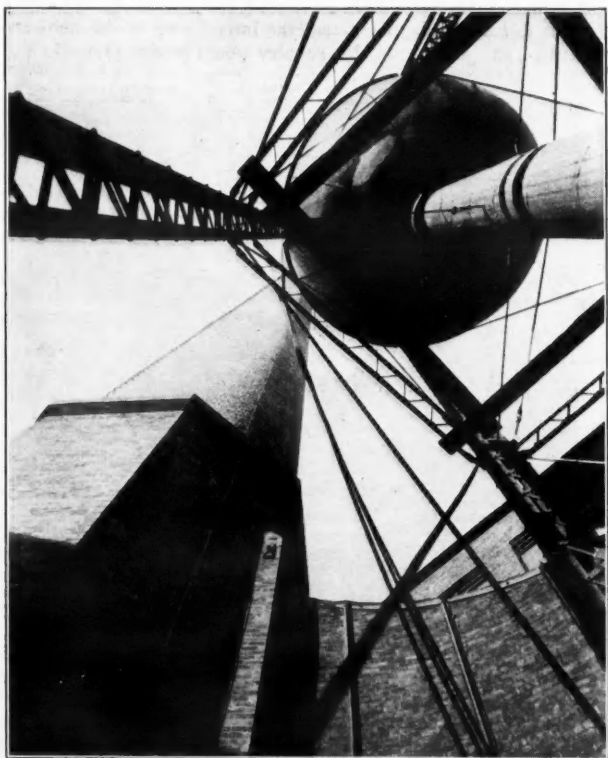
There is considerable difference of opinion as to whether the "bonus seekers" are justified in their demands of the government. Representative Ragon, of Arkansas, believes that the veterans are acting wholly within their rights. He says:

It would let the Government discharge a debt it owes to the veterans and it is the best way offered to distribute funds rehabilitating the purchasing power of the country. I think it would do more to restore prosperity than any other one thing.

Those who oppose the bill maintain that the government has already been more generous to its war heroes than other nations. It is pointed out that Great Britain, France, Germany, Italy and Canada combined, will spend this year for so-called "veterans relief" a total of about \$891,190,360 or some 10 per cent less than the government at Washington. Furthermore, those in opposition contend that issuing \$2,400,000,000 additional currency for the veterans at the present time would nullify most of the benefits to be derived from balancing the budget. The *New Republic*, writing editorially, expresses its disapproval of the "bonus seekers":

There are millions of Americans who are desperately in need of assistance who are not war veterans. . . . We object to pressure on the government by a special class for the benefit of its own members, whether these are war veterans or millionaires; and we only regret that those newspapers and individuals who are now exhorting the former for their actions are not equally zealous in rebuking the latter when they follow similar tactics.

Governor General Theodore Roosevelt seems to be enjoying considerable success in directing the affairs of the Philippine Islands. It is reported that the governor has made himself very popular with the people, and that no other man has ever been able to win their confidence so quickly. Recently Mr. Roosevelt made an extended tour of the islands, meeting officials of the cities and provinces. He, however, did more than this for he made it a practice to establish direct contact with the people. This action has won him the title of the "poor man's governor."



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Which help to bring electricity into the home